

ENROLLED RESOLUTION 170-7

TO TERMINATE COVERAGE WITH LGPIF AND ELECT PROPERTY
INSURANCE COVERAGE FROM THE NEW MUNICIPAL
PROPERTY INSURANCE COMPANY (MPIC)

WHEREAS, the preliminary 2015-2017 State budget included a provision to discontinue the Local Government Property Insurance Fund (LGPIF) which resulted in local municipalities scrambling to find a positive alternative to LGPIF for property insurance, and

WHEREAS, in 1987, the Wisconsin Municipal Mutual Insurance Company was created to help local municipalities effectively handle the costs of general liability insurance. For the past 28 years, WMMIC has helped control costs for its members and provided general liability coverage and claims administration (including cyber liability, auto liability and public officials' errors and omissions liability). In its most recent rating, AM Best gave WMMIC an (A-) (excellent) credit rating, and

WHEREAS, WMMIC has looked to provide a viable property insurance option for local municipalities by partnering with Cities and Villages Mutual Insurance Corporations (CVMIC) and the League of Wisconsin Municipalities Mutual Insurance Corporation (LWMMI) to create a new property insurance company, Municipal Property Insurance Company (MPIC), and

WHEREAS, the three mutual entities have each provided a startup fund of three million dollars to capitalize the company which has started to issue insurance policies on October 1, 2015, and

WHEREAS, WMMIC's investment in MPIC is a limited risk investment in that the maximum level of loss it may suffer under a worst case scenario is limited to the original investment, and

WHEREAS, ultimately the provision to discontinue the LGPIF was removed from the state budget thereby allowing LGPIF to continue to provide property insurance coverage, and

WHEREAS, given the deteriorating financial condition of LGPIF, policyholders were notified to expect an overall rate increase of 85% thereby resulting in the majority of policyholders looking to obtain insurance elsewhere, and

WHEREAS, MPIC's vision is similar to WMMIC's in that it intends to be a long-term, stable insurance solution to meet the unique needs of Wisconsin municipalities, with premium indications being dramatically lower than the expected increases from LGPIF, and

WHEREAS, it is in the County's best interest to leave LGPIF and meet its property insurance needs through MPIC as a stable, long-term insurance solution for property insurance, and

WHEREAS, pursuant to the requirements of section 605.21(3), Wis. Stats., to withdraw from the Local Government Insurance Fund, the local municipality must provide certified notice to LGPIF by majority vote that they have elected to withdraw from the fund. (Withdrawal cannot be prior to the date action was taken.)

NOW, THEREFORE, BE IT RESOLVED, by the County Board of Supervisors of the County of Waukesha pursuant to section 605.21(3) of the Wisconsin Statutes, that they elect to withdraw from the Local Government Property Insurance Fund upon policy expiration 12:01 am on January 1, 2016; and

BE IT FURTHER RESOLVED that a certified notice of this resolution be sent to the Local Government Property Insurance Fund and the appropriate forms be completed; and

BE IT FURTHER RESOLVED that the County of Waukesha hereby elects to become part of the Municipal Property Insurance Company (MPIC) effective on January 1, 2016.

FISCAL NOTE

TO TERMINATE COVERAGE WITH LGPIF AND ELECT PROPERTY INSURANCE COVERAGE FROM THE NEW MUNICIPAL PROPERTY INSURANCE COMPANY (MPIC)

This resolution announces Waukesha County's intent to transfer its property insurance coverage from the Local Government Property Insurance Fund (LGPIF) to the Municipal Property Insurance Company. A Resolution of the County Board is legally required notice of withdrawal from the LGPIF.

Currently, Waukesha County acquires general property insurance coverage through the Local Government Property Insurance Fund (LGPIF) administered by the State of Wisconsin Office of the Commissioner of Insurance. The County has been notified that the annual premium for coverage through the LGPIF will be raised from \$218,000 in 2015 to \$383,000 in 2016, an increase of \$165,000.

Waukesha County is a founding member of the Wisconsin Municipal Mutual Insurance Company (WMMIC), through which it has acquired general liability coverage and claims administration services since 1987. Over the course of its participation in WMMIC, Waukesha County has received more in dividends than it has paid out in premiums. In an effort to provide a new source of cost effective property insurance coverage to Wisconsin municipalities, WMMIC has partnered with the Cities and Villages Mutual Insurance Corporation (CVMIC) and the League of Wisconsin Municipalities Mutual Insurance Corporation (LWMMIC) to create the Municipal Property Insurance Company (MPIC). WMMIC has invested \$3,000,000 in MPIC, earned through prior year surpluses, and would participate proportionately in any future dividends. This new company would have the ultimate potential for as many as 343 members.

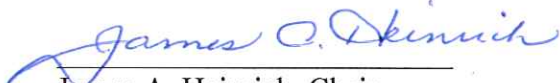
The preliminary estimate for Waukesha County property insurance coverage through MPIC is about \$275,000, or \$108,000 less than for coverage available through LGPIF. According to the Risk Manager, the expectation would be that a long term relationship with MPIC would result in the same stability of premium that WMMIC has provided.




Lawrence M. Dahl
Accounting Services Manager

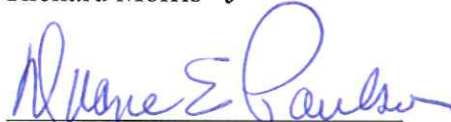
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PROPERTY INSURANCE COMPANY (MPIC)

Approved by:
Finance Committee


James A. Heinrich, Chair

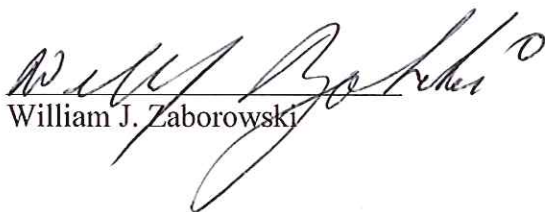

Eric Highum


Richard Morris



Duane E. Paulson


Larry Nelson


Steve Whittow


William J. Zaborowski

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, was presented to the County Executive on:

Date: 12/15/2015, 
Kathleen Novack, County Clerk

The foregoing legislation adopted by the County Board of Supervisors of Waukesha County, Wisconsin, is hereby:

Approved: X
Vetoed: _____

Date: 12-18-15, 
Paul Farrow, County Executive

WAUKESHA COUNTY BOARD OF SUPERVISORS

V

DATE-12/15/15 WAUKESHA COUNTY BOARD OF SUPERVISORS (RES) NUMBER-1700007

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|--------------------------|--------------------------|
| 1 R. KOLB.....AYE | 2 D. Zimmermann.....AYE |
| 3 R. MORRIS.....AYE | 4 J. BATZKO.....AYE |
| 5 J. BRANDTJEN.....AYE | 6 J. WALZ.....AYE |
| 7 J. GRANT.....AYE | 8 E. HIGHUM.....AYE |
| 9 J. HEINRICH.....AYE | 10 D. SWAN.....AYE |
| 11 C. HOWARD.....AYE | 12 P. WOLFF.....AYE |
| 13 P. DECKER.....AYE | 14 C. PETTIS.....AYE |
| 15 B. MITCHELL.....AYE | 16 M. CROWLEY.....AYE |
| 17 D. PAULSON.....AYE | 18 L. NELSON.....AYE |
| 19 K. CUMMINGS.....AYE | 20 T. SCHELLINGER....AYE |
| 21 W. ZABOROWSKI.....AYE | 22 P. JASKE.....AYE |
| 23 K. HAMMITT.....AYE | 24 S. WHITTOW.....AYE |
| 25 G. YERKE.....AYE | |

TOTAL AYES-25

TOTAL NAYS-00

CARRIED _____

DEFEATED _____

UNANIMOUS X

TOTAL VOTES-25